



Joint Committee on Pensions Investments, and Benefits

KPERS 457 Plan Review

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KPERS 457 Overview

KPERS 457 is a governmental 457(b) deferred compensation plan

- A voluntary retirement savings plan offered to state and eligible local employers
- All state agencies and over 400 employers (local and school) offer the plan to their employees. There is a total of slightly over 1,400 KPERS participating employers.
- Employers may offer multiple plans to their employees
- Currently the KPERS 457 Plan has assets of over \$1.4 billion with 61,000 eligible participants and 27,000 participants with a balance
- Participants can supplement their KPERS pension benefits by saving and investing pretax and/or Roth after-tax dollars through voluntary salary contributions
- All employees of any participating KPERS employer are eligible to contribute to the Plan, including full-time, part-time and seasonal employees (excluding contractors)



How does KPERS 457 work?

- Is a companion to KPERS Pension and Social Security
- For KPERS members, and especially KPERS 3 members, their pension and Social Security may not be enough to retire on
- Annual contribution limit of up to \$22,500 in 2023 or \$30,000 if over 50 years old
- Catch-up contributions allowed if close to retirement
- Participants can contribute as little as \$12 or 1% per pay period of their salary
- Contributions can be changed easily, quickly and at no additional cost to the participant
- KPERS 457 funds are held in a separate trust than pension
- The KPERS Board of Trustees are the fiduciary for the KPERS 457 Trust



Advantages of the KPERS 457 Plan

- Helps employees save more for retirement with a plan designed for them
- Helps attract and retain good employees
- Higher maximum than an IRA(maximum of \$6,500/year for IRA)
- Participants decide how to invest and how much putting them in control of their retirement
- The Plan offers various investment choices including, large cap, mid cap, small cap, international, Target Date Funds, Bonds, and a Stable Value option which offers a guaranteed return of principal
- Optional self-directed brokerage available (additional fees apply)
- Convenience: Consistent paycheck deductions



KPERS 457 Service Providers

- Empower is the Plan's recordkeeper and assists in communication and education services
- Empower employs eight full time Retirement Plan Counselors who cover the state and make visits as least annually with participating employers and meet individually with participants upon request
- Counselors are salaried professionals (non-commission) with the goal of getting employees ready for retirement
- Both online and Point in Time advice are available to participants
- SageView Advisors serves as the investment analyst for the Plan
- Investment options are recommended and monitored by SageView and reviewed quarterly by KPERS Deferred Compensation Committee Trustees



Benefits for the Employer

- There's no cost for employers to join and no minimum number of employees
- Goodwill of adding another employee benefit
- KPERS handles the fiduciary duties normally borne by employers:
 - Selecting & regularly reviewing investments
 - Negotiating reasonable costs
 - Selecting & monitoring service providers
 - Keeping the plan document, investment policy and trust agreements updated



Benefits for the Employer

Our service provider (Empower):

- Handles employee enrollments
- Tracks employee contribution changes
- Tracks beneficiaries
- Educates & provides retirement guidance to participants
- Handles loans, withdrawals, death claims, qualified domestic relations orders, and unforeseeable emergency withdrawal requests

Employers provide on-site access to participants, sends contributions and provides employment end dates & other employee data as required



Benefits for the Employee

- Lower administrative and investment costs than other accounts, the current fees are 0.140% for Empower recordkeeping fees and 0.048% for KPERS 457 administrative fees
- Fund costs are clearly disclosed
- Provides the participant the ability to understand if their retirement goals are “on track” or need to “get back on track”
- Custom educational materials
- Toll-free client services
- Helpful, easy to use website and cell phone application



Benefits for the Employee

At retirement, KPERS 457 participants can:

- Leave money in the Plan
- Take money out, as needed
- Roll money into another retirement account
- Receive regular, scheduled withdrawals



Questions?

